

Biodiversity Net Gain Sentiment Survey 2026



April 2026

Contents

Overview	2
Key findings	3
What is BNG?	3
HBF's survey	4
Overall industry experience of BNG	4
Viability and BNG	6
Government proposals	9
Local authority capacity and delays	11
Off-site market	14
Long-term management and monitoring	16
Recommendations	17



Overview

In early 2025, the Home Builders Federation (HBF) surveyed our membership to better understand the implementation challenges companies face with Biodiversity Net Gain (BNG), and to identify the key barriers to delivering BNG in practice.

Two years after the full roll-out of BNG, HBF repeated the survey to track how the industry's experience is evolving and to identify new issues. This year's survey also asked for views on the Government's proposals to reform elements of BNG.

The survey results show that significant challenges remain. The impact of BNG on development viability and housing delivery is particularly stark, with around 60% of respondents saying it has influenced their company's decision not to pursue sites that may previously have been viable. Furthermore, over half of respondents say their company has reduced the number of homes proposed on at least one site because land has been set aside for on-site habitat creation and enhancement.

The industry's response to the Government's proposed BNG reforms, including the introduction of an area-based exemption and changes to the Small Sites Metric, has also been cautious. Only a third of SME home builders think the Government's proposals will improve the cost and ease of delivering BNG, while 63% think the measures will not make a substantial difference. The vast majority of respondents also think the proposed exemption threshold of 0.2 hectares is too low to meaningfully reduce the burden on small developers.

However, one area where there has been some improvement compared to last year's survey is the off-site biodiversity unit market, with a significant increase in the proportion of respondents that say there is sufficient availability of appropriate off-site units compared to last year. This suggests the private market for biodiversity units is continuing to mature as more habitat banks are brought forward.

The home building industry supports the principle of BNG, which is considered an important part of demonstrating that new homes and environmental benefits can be delivered together. The Government must now go further and faster to resolve the challenges that remain with BNG's implementation, while ensuring the policy does not unduly constrain the delivery of new homes.



Key findings

- 60% of respondents say BNG has influenced their company's decision not to pursue sites that may previously have been viable.
- 50% of respondents say their company has reduced housing numbers on at least one site due to BNG requirements.
- 84% say implementing BNG has been challenging.
- Only a third of SMEs think the Government's proposals will improve the cost and ease of delivering BNG, while 63% think the measures will not make a substantial difference.
- 47% now report sufficient availability of off-site units, up from 31% last year.

What is BNG?

BNG is an approach to development that aims to ensure habitats for wildlife are left in a better state than before development. Under the framework introduced through the Environment Act 2021, most developments are required to deliver a minimum 10% increase in biodiversity value compared to the pre-development baseline. BNG became mandatory for major sites in February 2024 and for small sites in April 2024.

The Government's 'statutory biodiversity metric' is used to measure the biodiversity value of a site before development. The metric measures biodiversity value in standardised biodiversity 'units' - based on habitat type, condition, distinctiveness and strategic significance - and then calculates the number of units required to achieve the 10% net gain. For small sites - currently defined as developments with one to nine dwellings or sites smaller than one hectare - a Small Sites Metric (SSM) is available to calculate biodiversity value where delivery will be on-site.

BNG follows a mitigation hierarchy that prioritises avoiding biodiversity loss. When net gain is required, it can be achieved through three main routes:

- On-site (within the development itself).
- Off-site biodiversity units, either on land a developer holds elsewhere or purchased from third-party providers in the private market.
- Statutory biodiversity credits, purchased from Government as a last resort where other options are unavailable.

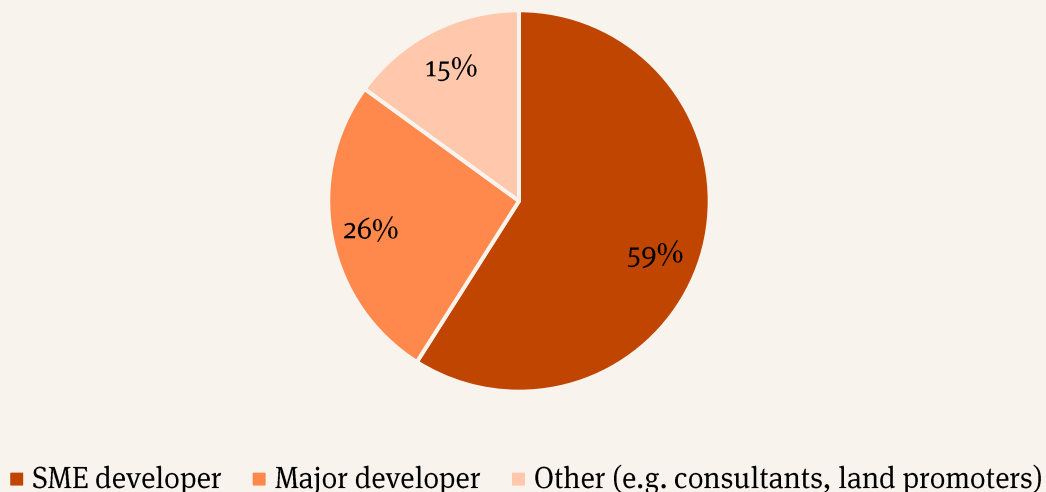


HBF's survey

To identify ongoing challenges with BNG two years on from its introduction, HBF carried out a survey of the home building industry, with all HBF members invited to respond:

- 92 respondents from over 80 companies completed the survey - an increase from 71 respondents last year, reflecting growing industry experience of BNG - and representing around a third of HBF's home builder membership.
- Almost all major home builders responded, while 59% of respondents were SME home builders, providing valuable insight into the specific challenges faced by smaller developers. This strengthens comparability with last year's survey, in which SMEs also represented 59% of respondents.
- There were respondents from all regions of England, ensuring the results reflect the industry's experiences across different housing markets and planning authorities.

Respondents to HBF BNG survey



Overall industry experience of BNG

There continues to be broad industry support for BNG, with biodiversity now being factored into site design and layout at a much earlier stage of the development process. One SME said that “we see *active engagement with nature regulations as a positive step and point of difference for our business*”, with many others expressing similar sentiment.

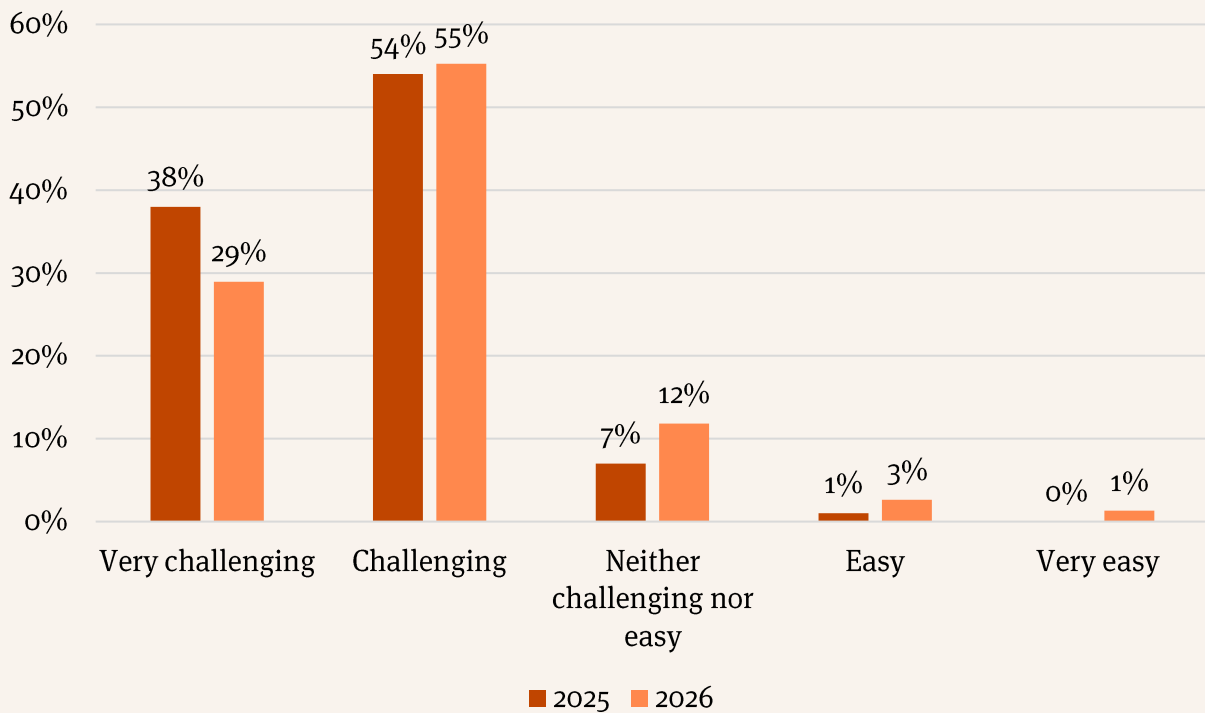


However, the implementation of BNG on the ground remains very challenging for most companies. Overall, 84% of respondents have found BNG challenging to implement, with 29% finding it ‘very challenging’. This represents only a modest improvement on last year, when 92% of respondents reported BNG implementation as challenging, including 38% who found it ‘very challenging’.

The results also show:

- Just 4% say implementing BNG has been ‘easy’ or ‘very easy’.
- As with last year’s survey, SMEs continue to report greater challenges in delivering BNG than major home builders. SME developers were significantly more likely to say implementation of BNG has been ‘very challenging’ (37% vs. 13%).

Overall, how has your company found the implementation of BNG so far? (HBF survey responses, 2025 vs 2026)



Viability and BNG

One of the most significant challenges identified by the survey is the impact of BNG on site viability and housing delivery.

Over recent years, the total cost of delivering new homes has risen sharply. This has been driven by a combination of new regulatory requirements, taxes and policy costs - of which BNG is just one - alongside inflation in material and employment costs. Further cost pressures are anticipated with the forthcoming introduction of the Building Safety Levy, which is expected to cost an average of around £3,000 per new home, and the planned rises in the Lower Rate of Landfill Tax, which will result in a five-fold increase between 2025 and 2030.

Individually, some of the additional policy costs, regulatory changes and new taxes may have a justifiable policy rationale. This includes BNG, which the industry continues to support in concept. However, the cumulative cost burden of these new policies and levies is suppressing investment in new housing delivery and significantly constraining housing supply. Development costs now exceed sales values in many parts of the country, reducing the supply of viable development sites.

Recent [research by Zoopla](#) is instructive on the scale of this problem. Zoopla estimates that housing development is now viable in under two-fifths of England. In areas where sales prices are lower, such as northern England or the Midlands, the viability crisis is particularly acute.

Our survey suggests that BNG is one of the factors contributing to the current viability pressures affecting housing delivery. Indeed, while the costs associated with delivering BNG were initially expected to be a few hundred pounds per plot, these have in practice been far higher and are throwing viability assessments off course. HBF estimates that the average additional cost per home of BNG is £5,700, although this of course includes significant variability depending on the type of site and units bought.

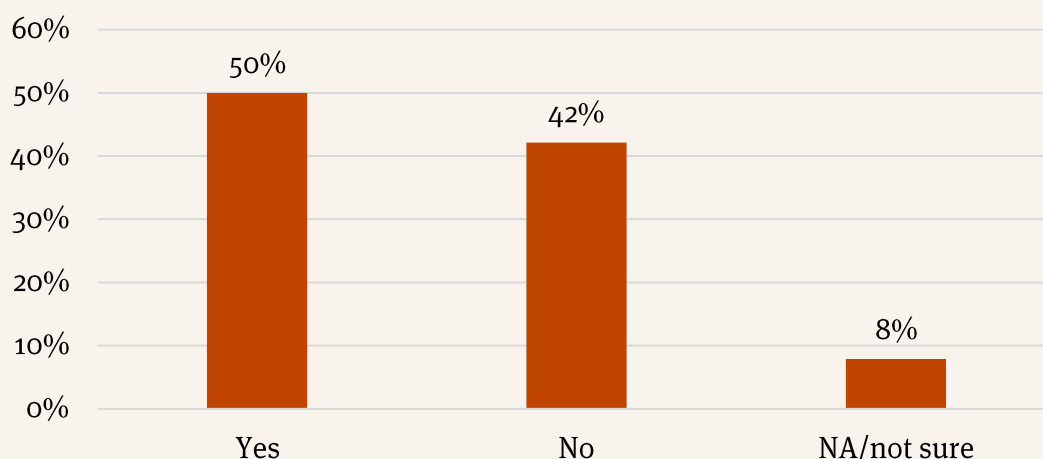
The following insights were not included in last year's survey, so the survey results provide a new understanding of the role BNG may be playing in site viability decisions:

- 60% of industry respondents say BNG has influenced their company's decision not to pursue sites or development opportunities that may previously have been considered viable.
- This includes 66% of major home building companies and 58% of SMEs.



- As would be expected based on land values, there was some regional variation, with 70% of companies based in the Midlands saying they had not pursued sites due to BNG viability challenges, compared to 60% based in the South.
- 50% of respondents say their company has reduced the number of housing units to be delivered on at least one of their sites as a result of BNG requirements. This reduction occurs when land must be set aside for on-site habitat creation, reducing the developable area available for housing.
- Some companies reported reductions of up to 25% in the number of homes delivered on their sites, depending on the site's existing biodiversity value and underlying viability.

Has your company reduced the number of housing units to be delivered on sites as a result of on-site BNG requirements?



While BNG has added cost to businesses, the industry recognises that BNG is valuable both for nature and for demonstrating to communities the benefits of new development, thus creating a positive narrative around development for businesses. Therefore, in order to ease the viability crisis, HBF has been calling for incoming new costs to be suspended, such as the increase to the Lower Rate of Landfill Tax and the Building Safety Levy, rather than reconsidering BNG. It is necessary that the Government weighs these trade-offs and decides between these different policy goals to ensure the viability of new housing development does not continue to erode, leading to fewer new homes being delivered.

“Building in the north has become pretty much impossible with the implementation of BNG. Build costs and sales values (with every other stealth tax imposed on house



builders) are making it increasingly difficult to make sites viable...I've lost count of how many sites we have looked at and not subsequently pursued due to the BNG liability.” - HBF BNG survey respondent

Brownfield viability

BNG requirements present particular challenges for the viability of brownfield development. Many brownfield sites support habitats such as Open Mosaic Habitat (OMH) that have relatively high biodiversity value when assessed using the biodiversity metric. Where these habitats are present, replacing the biodiversity units can be complex and expensive.

HBF's industry survey shows that 48% of respondents have reported delays due to brownfield-related issues, particularly due to the limited availability of OMH and watercourse units.

It is therefore welcome that the Government is considering changes to ease the burden on brownfield sites, such as allowing the loss of OMH habitats to be compensated for with an alternative habitat mosaic with similar ecological benefit, as well as a forthcoming consultation on targeted exemptions for brownfield development. Further action is necessary if the Government is to achieve its ambitions for regeneration and brownfield-first development.

Section 106 contributions

Finally, it must also be noted that monitoring costs agreed as part of Section 106 (S106) agreements, as well as the increased costs incurred by delivering BNG overall, reduce the level of contributions that home builders can make towards Affordable Housing and other infrastructure. This is because there is only a finite amount of land value that can be captured within S106 agreements without sites ultimately becoming unviable. Long-term management costs can also be considerable, with **73% of respondents to the survey agreeing that BNG monitoring and management costs agreed in S106 agreements are disproportionate.**

It is vital that these costs are fully evidenced and proportionate so that land value capture can be directed towards Affordable Housing and other vital infrastructure first and foremost.

“Brownfield sites are still an issue...This has led to lower contributions to education and other S106 asks on brownfield sites we are dealing with” - HBF BNG survey respondent



Government proposals

National Planning Policy Framework changes

BNG was introduced to reduce confusion and uncertainty for developers about how they can deliver their biodiversity obligations, replacing a patchwork of local policies with a standard set of national criteria. It is concerning, therefore, that some local authorities have introduced additional policies requiring BNG above the statutory 10%.

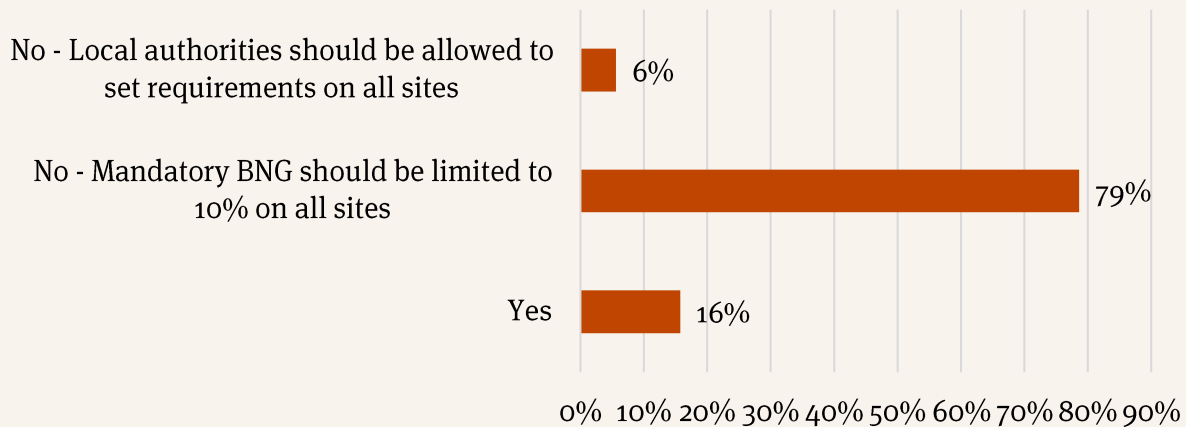
HBF's industry survey shows that 43% of companies report having to meet additional local BNG requirements. While this is down from 55% last year as Government has provided more clarity, additional local BNG policies remain widespread.

HBF has long argued that increasing BNG above 10% risks worsening viability and creating further uncertainty while the industry is still adapting to the system. Therefore, it is welcome that the Government's draft National Planning Policy Framework (NPPF) confirms that BNG requirements cannot be set above 10% on a local authority-wide level. The draft NPPF instead specifies that 10%+ BNG can only be required on strategic site allocations.

Our survey shows broad support for this approach, but also calls on the Government to go further. For instance, while 95% of industry respondents support the Government's draft NPPF policy, 79% think mandatory BNG should be limited to 10% on all sites, including strategic site allocations.



The Government are consulting on an option to only allow local authorities to set higher BNG % requirements for strategic site allocations. Do you support this?



Furthermore, if higher requirements are introduced on strategic sites, 79% of respondents say developers should be able to sell any surplus biodiversity units generated.

BNG exemption

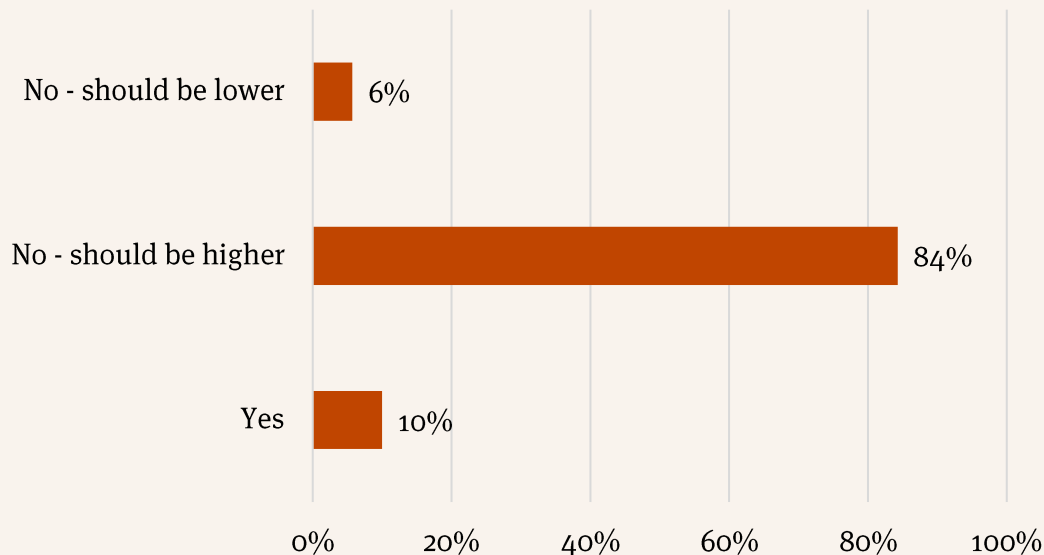
The Government has also proposed introducing a 0.2 hectare (ha) area-based exemption, meaning sites smaller than this threshold would not be required to deliver BNG. This is welcome recognition that the cost of delivering BNG is often disproportionate and unviable on small sites. This reform is much needed, as 88% of SMEs say the overall cost of delivering BNG is not proportionate to the size of their developments, up from 85% last year.

HBF’s industry survey shows:

- Almost nine in 10 respondents to the survey support the Government’s proposal for an area-based exemption.
- However, 78% think the threshold should be set at a higher level to take into account that many SMEs deliver sites that are larger than 0.2ha. Indeed, the Government originally asked for views on an exemption of up to 0.5ha and/or 9 units.
- Just 4% think the threshold should be set at a lower level.



Do you consider the proposed 0.2ha BNG exemption threshold to be set at the right level?



Alongside the area-based exemption, the Government has considered relaxing the hierarchy to place onsite habitat improvements with the same preference as off-site for minor developments, and removing trading rules within the Small Sites Metric.

However, overall, industry sentiment towards the reform package is relatively cautious. Just one third of SME companies think these measures will improve the cost and ease of delivering BNG for their business, while 63% think that the measures will neither improve nor worsen the cost and ease of delivering BNG. This is because, for sites unaffected by the exemption, delivering BNG still incurs significant costs and complexity, disproportionately disadvantaging SME companies.

“Reducing complexity in the delivery of sites, especially smaller development sites, should be a key factor in Government policy. This policy [BNG], and others, disproportionately disadvantage small sites and SME developers.” - HBF BNG survey respondent

Local authority capacity and delays

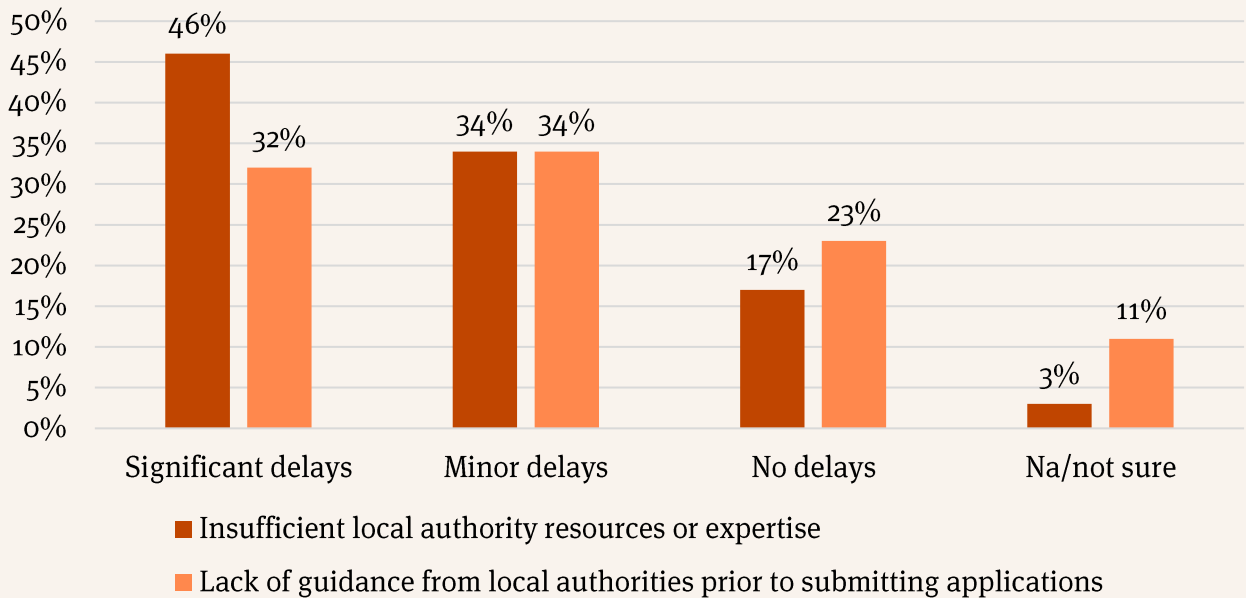
As with last year’s survey, HBF asked companies what the main causes of BNG-related delays to delivery are. The results show that there has been some improvement as local



authorities have gained experience of BNG, but insufficient local authority resources and limited guidance continue to be the main causes of BNG-related delays:

- 80% of companies have experienced significant or minor delays due to insufficient local authority resources and expertise, down from 90% last year, but still affecting a large majority of developers.
- 66% have experienced delays due to insufficient guidance from local authorities before submitting applications, down from 79% last year, though delays remain widespread.

In your experience, have there been any BNG-related delays to delivery that can be attributed to the following reasons?



A Freedom of Information request submitted to local authorities by HBF last year showed that:

- One in three councils have not expanded their teams to handle BNG.
- 40% of councils do not have access to any in-house ecological expertise.

It is concerning that these resourcing issues are still causing significant delays despite BNG now having been in place for two years, with knock-on impacts for the timely delivery of new housing. Addressing these wider resourcing challenges is vital - not only



for the effective implementation of BNG, but also to ensure that local authorities can manage the higher number of applications needed to achieve the Government's ambition of 1.5 million new homes during this Parliament.

The difficulties for Local Planning Authorities (LPAs) and businesses in dealing with the implementation of BNG provide a useful learning experience for policymakers. These are problems that have also been encountered in other areas of policy related to home building, most notably the creation of and implementation of the Building Safety Regulator. In both cases, new regulatory requirements were introduced through legislation but implemented without sufficient consideration of the capacity of public bodies to resource the process or provide clear guidance to industry.

As the Government proceeds with further reforms affecting the industry - including the introduction of the Building Safety Levy and the transition from leasehold to commonhold as the default tenure for new flats - it will be important to reflect on the experience of recent policy changes such as BNG.

“The burden on local authority and private consultant ecology resources is proving unworkable and slowing the entire planning process down.” - HBF BNG survey respondent

Inconsistency of cost and baseline estimates

Another issue highlighted by respondents is the inconsistency of ecological assessments and cost estimates associated with BNG delivery. Overall, **85% of respondents said they had experienced delays due to the need to conduct additional ecological assessments, up from 80% last year** - suggesting that this remains a significant issue as the BNG system continues to bed in.

Developers rely on ecological surveys and metric calculations to estimate the likely cost of delivering biodiversity units before acquiring land. However, some respondents reported large differences in cost estimates and baseline assessments by consultants and local authority ecologists. This variability can create significant uncertainty when assessing site viability.

“Local authority ecologists seem to differ in their level of competence in terms of understanding how the BNG metric and trading rules work.” - HBF BNG survey respondent



Off-site market

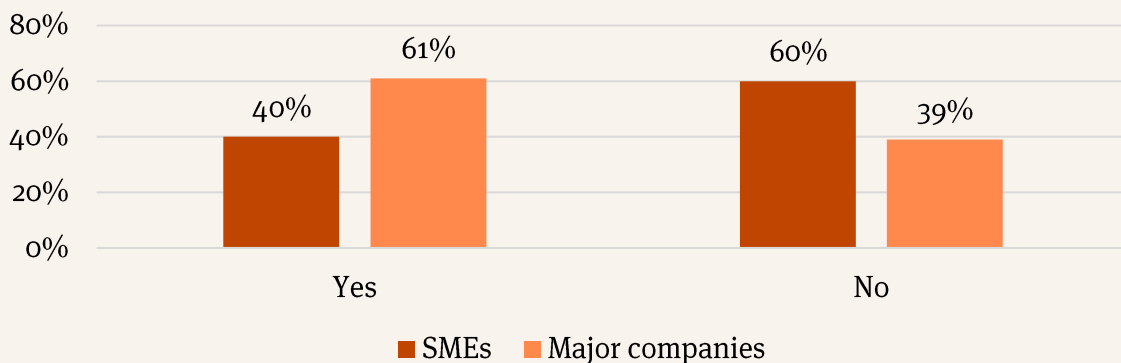
If companies deliver BNG off-site, they can either do so on their own land outside the development site or buy off-site biodiversity units on the private market.

It is positive that there are signs of improvement in the off-site market compared to last year, suggesting the market is maturing over time and better able to meet the needs of businesses. Overall, 47% of respondents say there is sufficient availability in the off-site market to meet the needs of their business, up from 31% in early 2025. Indeed, as [Savills have identified](#), there are 197 sites registered to sell units, which is an increase from 46 sites just a year ago

However, SME home builders continue to find the market more challenging: only 40% say there is sufficient availability of units to meet their needs, compared to 61% for major home building companies. Smaller developers often require only a small number of units, or a portion of a unit, which can be harder to secure.

Furthermore, while the availability of units appears to be improving, several respondents also highlighted the cost of off-site units as a continuing concern, particularly where the supply of certain habitat types is limited or where location constraints increase costs. Indeed, it is [estimated that](#) only 107 of 309 LPAs have registered habitat banks. Again, SMEs are particularly affected because they are less able to deliver BNG on-site, or because habitats commonly found on small sites, such as gardens, are classified as low value within the metric. As a result, they rely more heavily on the off-site market, where a scarcity of suitable units at an appropriate scale can push up costs.

Is there sufficient availability of off-site BNG units in the private market to meet the needs of your business?



Ensuring units are available at a reasonable cost for SMEs is critical. The Government must also ensure that its reforms to BNG do not undermine the development of the off-site market. Providing certainty to providers as soon as possible, while allowing sufficient time for the market to adjust to reforms, will be vital.

“The nature markets are still nascent and need more time to develop and establish. Nature finance can unlock biodiversity recovery if consistent policy and legislation are in place.” - HBF BNG survey respondent

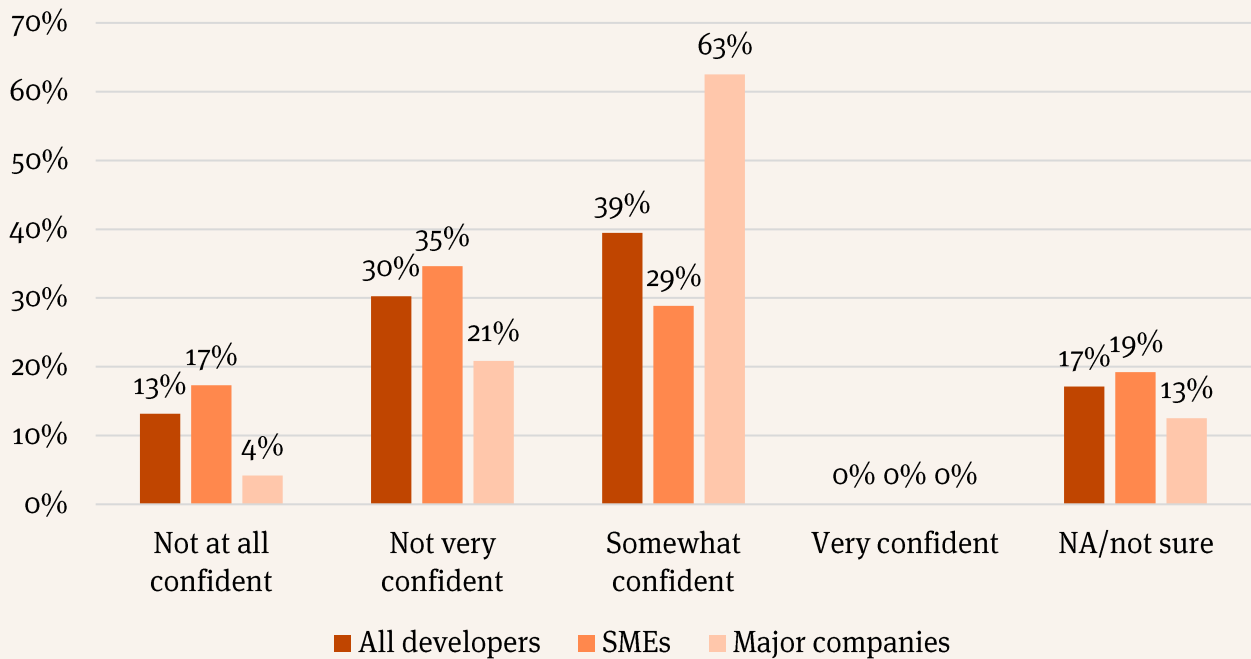
Quality of units

An additional issue identified in the survey is that, at present, there is no formal quality assurance framework for off-site providers, meaning home builders do not always have confidence in the units they are buying.

52% of industry respondents said they were ‘not at all confident’ or ‘not very confident’ in the quality of off-site units. This is up from 48% in last year’s survey, suggesting that concerns about quality assurance are becoming more pronounced as the market has developed. Indeed, just 17% of respondents did not have a view on the quality of the market, compared to 43% last year, suggesting that as the industry gains more experience with the off-site market, companies are forming clearer views about the quality of available units.



How confident are you in the quality and reliability of off-site units?



To increase confidence, HBF supports work to develop a Quality Mark for off-site BNG units so builders can have confidence in what they are buying.

Long-term management and monitoring

Finally, the long-term management and monitoring requirements associated with Biodiversity Net Gain (BNG), which must be secured for at least 30 years, are emerging as a growing concern for the industry. As with wider issues surrounding estate management and adoption, there are questions about how these obligations will interact with the declining adoption of open space and estate infrastructure by local authorities.

Where open spaces containing on-site BNG habitats are not adopted, residents on unadopted estates may be required to pay annual fees to management companies for their maintenance. In adopted areas, similar spaces would typically be maintained by the local authority and funded through general local authority revenues, including council tax.



The Competition and Markets Authority (CMA) has identified the private management of public amenities on housing estates as a detriment to consumers and concluded that the root cause is the declining level of adoption of amenities by public authorities.

“More guidance is needed for how BNG obligations requiring land to be managed for 30 years interact with long-term management and maintenance of land.” - HBF BNG survey respondent

Recommendations

BNG is a landmark approach to development and has been widely welcomed as a significant step forward for wildlife. The home building industry continues to embrace BNG as an opportunity to demonstrate that new homes and nature enhancements can go hand in hand, and will continue to work with the Government on improving BNG.

To ensure BNG delivers for the industry and communities, and to address the issues identified in this year’s survey, HBF is calling for the Government to:

1. Clarify in the NPPF that local authorities cannot require more than 10% BNG on any sites and that there should be no additional local BNG policies. If the Government decides to allow more than 10% on strategic sites, surplus units should be allowed to be sold.
2. Provide further clarity on certain aspects of BNG, including the circumstances in which moving down the hierarchy is acceptable and the interaction of BNG with local plan-making.
3. Require local plans to include a baseline BNG assessment as part of the site allocation process to provide greater certainty and reduce inconsistency.
4. Support SME home builders by proceeding with plans to increase the size threshold for BNG and supporting the development of the off-site unit market so that suitable units are available at a reasonable cost and scale.
5. Support a Quality Mark for off-site BNG credits so builders can have confidence in what they are buying.
6. Ensure LPAs are sufficiently staffed and placed on a sustainable financial footing, with a strategy to address the recruitment crisis for ecologists.
7. Take forward the CMA’s recommendations to introduce common adoptable standards and increase the adoption of open public space by public authorities.
8. Monitor the impact of the Government’s proposed reforms on brownfield sites and small sites, and be willing to ease or exempt BNG burdens further if viability does not improve.



9. Ease the viability crisis by reconsidering the introduction of the Building Safety Levy and further Landfill Tax increases later this year, rather than revisiting BNG. In comparison to these new tax increases, the industry supports the principle of BNG and the system is already bedding in.
10. Consider lessons from the implementation of BNG when developing current and future housing reforms, including leasehold reform and the Building Safety Levy, by ensuring public bodies are adequately resourced to discharge their responsibilities and that the impact on SME home builders is fully considered.



HBF

**The voice of the home
building industry**

hbf.co.uk/research-insight